# PACCS AND FINANCIAL INCLUSION: A STUDY FROM SMALL AND MARGINAL FARMERS' OUTLOOK

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## ARTICLE INFO

## ABSTRACT

In India, majority of those people who depend upon agriculture belongs to small and marginal farmer's category and they occupy 85.01 per cent of cultivable lands among total cultivable land in India. These farmers require financial services in their day-to-day life, to purchase agricultural inputs and adopt modern technology. The financial sector in the country has experienced revolutionary changes but, a segment of population especially the small and marginal farmers are excluded from the advantages of this revolutionary process. Hence, for the inclusive growth financial inclusion has been considered as the need of the hour. In this context, PACCS in Tamil Nadu need to redesign their business strategies so as to incorporate specific plans to promote financial inclusion of the small and marginal farmers treating them not only as a corporate social responsibility, but also as a business opportunity. In this background this study was undertaken in Theni District, Tamil Nadu with the primary objective of studying the role of PACCS in the financial inclusion of small and marginal farmers. This study found that there are a wide range of rural financial institutions for small and marginal farmers to avail loan facilities, but having membership with PACCS enables this segment of population in remote rural areas to access financial services with other facilities from what they perceived as a trusted and local community resource based. This study found that the experiences towards financial inclusion of small and marginal farmers through PACCS in Theni District have been progressive. However certain segments of small and marginal farmers were benefitting continuously from the efforts of the PACCS for greater financial inclusion while others were still struggling ever more and being financially excluded. The concern is about these people who were dragged to the valley of forced financial exclusion. Hence, all the actors of the STCCS need to take into account all dimensions of financial inclusion and exclusion. Further evidences are lacking to establish correlation between specific policies of PACCS and the financial inclusion of small and marginal farmers. Hence, still miles to go to financially include all segments of the population, especially the small and marginal farmers.

## INTRODUCTION

In India, majority of those people who depend upon agriculture belongs to small and marginal farmer's category and they occupy 85.01 per cent of cultivable lands among total cultivable land in India *(Government of India: 2010-11, p.6)*[2]. These farmers largely undertake subsistence farming owing to a number of constraints which include lack of easy access to institutional sources of financial services. These farmers require financial services in their day-to-day life, to purchase agricultural inputs and adopt modern technology. Thus, timely and adequate quantum of credit is critical for the socio economic development of these small and marginal farmers.

To bring the farmers in general and small and marginal farmers in particular under formal financial institutions for getting financial services, Primary Agricultural Cooperative Credit Societies (PACCS) were started in India with the enactment of Cooperative Credit Societies Act 1904 *(Ravichandran, K and M. Revathibala: 2008, p.66)*[4]. After Independence, as the objective of the rural credit policy in India has been gradual replacement of money lenders by institutional sources and a lowering of interest rates *(Government of India: 2011-12, p.71)*[3], Government of India adopted a multi-agency approach in rural credit by involving Cooperative Credit Societies, Commercial Banks and Regional Rural Banks.

In the meantime, the rapid economic growth in India has brought in its wake a number of concerns, which relate to extending this growth across regions, sectors and people. The financial sector in the country has also experienced revolutionary changes but, a segment of population especially the small and marginal farmers are excluded from the advantages of this revolutionary process. Hence, for the inclusive growth financial inclusion has been considered as the need of the hour. According to the Rangarajan Committee *(Government of India: 2008. p.71)*[1], Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit, where needed, by vulnerable groups such as weaker sections and low income groups at an affordable cost.

### 1.1 Statement of the Problem

The findings Rural Access to Finance Survey 2003 holds relevant even today which, *(www.worldbank.org)*[5] pointed out that even after the introduction of multi-agency approach in rural credit only 19.4 per cent and 24 per cent of rural households in the States of Uttar Pradesh and Andhra Pradesh respectively had access to institutional sources of credit. These results were considered as sample for the condition prevailing in rural credit market in India and attracted the attention of the policy makers.

In this context, PACCS in Tamil Nadu need to redesign their business strategies so as to incorporate specific plans to promote financial inclusion of the low-income groups treating it not only as a corporate social responsibility, but also as a business opportunity. The business opportunity lies in exploiting the low margins-high volumes situation at the 'bottom of the pyramid'. Financial inclusion approach would not only be socially desirable, but also would make a lot of economic sense for PACCS.

In this background it is worthwhile to study the role of PACCS in financial inclusion of the small and marginal farmers. What are the strategies followed by PACCS for financial inclusion of the small and marginal farmers? What is the effect of these strategies on the socio economic and livelihood status of the small and marginal farmers? How do the

stakeholders – small and marginal farmers, employees, and administrators – perceive financial inclusion approach of the PACCS? What is the impact of this approach on the business performance of the PACCS? All these questions need to be addressed through micro level studies so as to enable the policy makers to devise appropriate policies for the inclusive growth of the society. Hence, this present study.

## 1.2 Objectives of the Study

The primary objective of this study was to study the role of PACCS in the financial inclusion of small and marginal farmers in the study area. Hence, the specific objectives of this study are:

1) To study the business profile of sample PACCS in Theni District.
2) To study the schemes and programmes implemented by sample PACCS for the financial inclusion of the small and marginal farmers.
3) To assess the impact of the functions of sample PACCS on the socio – economic status of the small and marginal farmers.

## METHODOLOGY AND SAMPLING

Multistage sampling technique was adopted to select the study area, study units and study population. In the first stage Bodinakanur and Chinnamanur Blocks in Theni District were identified and selected as the study area. In the second stage one PACCS from each block was selected purposively. They were Sillamarathupatti PACCS from Bodinayakanur Block and Chinnamanur PACCS from Chinnamanur Block were selected as study units. Selection of these two PACCS was justified by the fact that a significant proportion of small and marginal farmers were enrolled as members as compared to other PACCS in other blocks. In the final stage 616 farmers were selected by adopting simple random sampling procedure. The sample size was determined by using Yamane (1967) formula.

## 2.1 Tools used for Data Collection

A well-constructed structured interview schedule was prepared for collection of data from the Audit and Annual Reports of sample PACCS on selected indicators. The data collected were reduced to tables for better analysis. A structured interview schedule was prepared for the purpose of collection of data from the sample respondents. The study covered a period from 2007-08 to 2016-17.

## 2.2 Scope and Limitations of the Study

This study mainly focuses on the socio – economic conditions of the sample respondents who benefited from financial inclusion initiatives of PACCS located in the selected rural areas in the Theni District. The major limitation of the present study was that it does not cover all PACCS in Theni District. Time and resources were sufficient to cover only the samples and hence an attempt was not made to cover Theni district fully. Further, there might be chances for under reporting and over reporting by the sample respondents in a few of the cases. However, maximum care has been exercised to ensure accuracy of the responses through observation so as to maintain the purpose of this study and its logical presentation.

**SALIENT FINDINGS OF THE STUDY**

There are a wide range of rural financial institutions for small and marginal farmers to avail loan facilities, but having membership with PACCS enables these population in remote rural areas to access financial services with other facilities from what they perceive as a trusted and local community resource based. From the PACCS perspective, small and marginal farmers offered a viable membership base and their small savings constituted considerable asset base. Small and marginal farmers also showed much higher repayment rates than large scale farmer members of the PACCS. The membership base from small and marginal farmers has been both attractive and financially feasible for PACCS. From the small and marginal farmer's perspective, they trust PACCS due to their proximity, accessibility, the knowledge of local staff. In this context this study was undertaken in Theni District and the salient findings of the study are presented hereunder.

**3.1 Business Performance of Sample PACCS**

- *Age of Sample PACCS:* It was found that both Chinnamanur PACCS and Sillamarthupatti PACCS have been supporting the farmers for more than 60 years.
- *Position of Membership in Sample PACCS:* It was found that the membership position in the case of Sillamarathupatti PACCS showed a decreasing trend during the period under study. The reason for decrease in membership position was due to migration of people from Sillamarathupatti PACCS area to nearby places particularly they used to move to Bodimetu area to work in Cardamom Plantations. It was found that all the members of Chinnamanur PACCS were small and marginal farmers *(Table – 1)*.
- *Position of Share Capital in Sample PACCS:* It was found that the trend in the mobilization of share capital of Sillamarathupatti PACCS was found to be high as compared to Chinnamanur PACCS *(Table – 2)*.
- *Position of Reserve Fund in Sample PACCS:* It was found that there had been an increase in the reserve fund of Sillamarathupatti PACCS which rose from Rs. 5.09 lakhs to Rs. 43.32 lakhs with CGR of 33.4 percent during the study period. In the case of Chinnamanur PACCS, the reserve fund position was found to be stagnant from 2007-08 to 2012-13. Chinnamanur PACCS witnessed growth in its reserve fund position only from the year 2013-14 *(Table – 3)*.
- *Position of Deposits in Sample PACCS:* It was found that the volume of deposits mobilized by sillamarathupatti PACCS was found to be high as compared to that in Chinnamanur PACCS *(Table – 4)*.
- *Position of Borrowings in Sample PACCS:* As far as borrowings were concerned, it was found that there was a fluctuating trend in the borrowings in the case of Sillamarathupatti PACCS during the study period, whereas it showed an increasing trend in the case of Chinnamanur PACCS. The reason for growth in the borrowing position of Chinnamanur PACCS was mainly due to the provision of more SHG loans as compared to that of Sillamarathupatti PACCS. *(Table – 5)*
- *Position of Loan Issued in Sample PACCS:* From the trend in the loan operations of sample PACCS it was found that the volume of loan issued by Sillamarthupatti PACCS had increased from Rs. 447.28 to Rs. 1520.42 lakhs with CGR of 14 per cent *(Table – 6)*. The volume of loan issued by Chinnamanur PACCS increased from

Rs.78.71 lakhs to Rs. 461.73 in 2016-17 with a CGR of 22.2 per cent. It was found that Sillamarthupatti PACCS provided loan for a diversified purposes while Chinnamanur PACCS highly concentrated on providing crop loan and SHG loan.

- *Position of Overdue in Sample PACCS:* It was found that the percentage of overdue to total loans issued by both PACCS has been insignificant which indicated that both the PACCS have been deploying its recovery mechanism strictly *(Table – 7).*

- *Position of Loan Issued to Small and Marginal Farmers by Sample PACCS:* It was found that about 48 per cent of total loan was issued to small and marginal farmers by Sillamarathupatti PACCS. In the case of Chinnamanur PACCS it was found that all the members were small and marginal farmers and hence they were the only beneficiaries of the loan operations of Chinnamanur PACCS *(Table – 8).*

- *Financial Status of sample PACCS:* With regard to the financial status of Sillamarathupatti PACCS, it was found that the interest income was found to be the predominant income to total income followed by other income. As far as profitably is concerned, the result showed that sample PACCS had continuously earned profit during the period under study *(Table – 9).*

## 3.2 Access to Credit, Loan Utilization and Economic Impact

- *Sex wise distribution of the sample respondents*: It was found that as much as 79 per cent of the sample respondents were male and the rest were female. The banking institutions may not formally indulge in sex discrimination against women for the purpose of extending loan, but, there may be a number of formalities, which a loan has to complete and the rural women, being ignorant, may not have easy access to credit. Secondly, while advancing loans, the PACCS may also demand surety or guarantee, which in the villages is primarily based on land. However, it was found that all those SHGs which were given credit linkage by sample PACCS were Women SHGs *(Table – 10).*

- *Age of the respondents:* In this study it was found that nearly 60 per cent of the sample respondents belong to middle age category followed by young age (26 per cent) and old age (14 per cent). Thus, it may be inferred that most of the sample respondents were found to be in productive age group. They also formed as a potential segment of population, which could be used for implementation of various Government programmes on financial inclusion by the sample PACCS.

- *Community of the sample respondents:* As far as community is concerned, it was found in this study that 66 per cent of the sample respondents belonged to backward community followed by most backward community (10 per cent) and scheduled caste (24 per cent). Thus it may be stated that membership in PACCS has been open to all irrespective of community or class or religion.

- *Type of Family of the sample respondents:* In this study it was found that as much as 93 per cent of the sample respondents belonged to nuclear family and the rest were in joint family. This trend indicated that joint family, which had been one of the rural social institutions, now fading away in recent years, even members of PACCS.

- *Educational Qualifications - wise classification of the sample respondents:* It was found that 34 per cent of the sample respondents do not have formal education. It

was higher than the national average (26 per cent), Tamil Nadu State average (26 per cent) and Theni district average (23 per cent). Thus, it may be inferred that any programme for financial inclusion must reach this population with a component on financial literacy and programmes which are suited to this geographical location.

- *Occupation of the sample respondents:* It was found that as high as 83 per cent of the same respondents were engaged in agriculture, while as low as 10 per cent of respondents were engaged in allied agricultural activities. The percentage of sample respondents engaged in non-farm sector was found to be insignificant. Therefore, it may be stated that the main occupation of the sample respondents under study was agriculture.

- *Monthly family income of the sample respondents*: As far as family monthly income was concerned, the results showed that a majority (76 per cent) of the respondent's monthly income was below Rs.5,000. This implied that majority of the respondents under study belonged to low income category.

- *Access to communication by the sample respondents:* It was found that all the respondents under study had access to communication through the devices viz., cell phones and smart phones.

- *Distance between house and financial institutions:* It was found that the distance between farmers' residence and sample PACCS was less than 2 km. However, the presence of non-institutional agencies posed tough competition to PACCS in rendering services to the small and marginal farmers.

- *Purpose of Opening Account in PACCS by the sample respondents:* It was found that 65 per cent of the respondents opened account in PACCS mainly for the purpose of availing loans. Therefore, it may be stated that most of the respondents opened account in PACCS with the intention of availing short term loan (mainly crop loan) and purchase of farm inputs viz., seeds, pesticides, fertilizers, etc., at subsidized price. The notion that Government would waive farm loans if it is borrowed from PACCS was also found among the sample respondents.

- *Frequency of visit by the sample respondents:* It was found that 47 per cent of the respondents used to visit PACCS once in a week while 7 per cent of the respondents do visit PACCS on daily basis. Further, 16 per cent and 13 per cent of the respondents were found to visit PACCS once in 15 days and once in a month, respectively.

- *Cost of Access to the PACCS by the sample respondents:* It was found that 39 per cent of the respondents do have own transportation to visit to the PACCS. As much as 61 per cent of respondents incurred a cost less than Rs.5 while 33 per cent of the respondents spend Rs.5 to Rs.10 to reach PACCS. However 43 per cent of the respondents used public transport by spending below Rs.10 to reach PACCS. Thus, it may be inferred that the cost of access to PACCS was found to be meager.

- *Problems faced by the respondents in opening Account:* It was found that the crowd in the PACCS and lack of banking knowledge were found to be the main problems faced by the respondents while opening account in PACCS. As the sample PACCS were involved in running Fair Price Shops under PDS and undertake other business

activities there was always busy scene in the premises. However, it was found that sample PACCS' employees do take adequate care in enabling the members to open accounts and complete their transactions.

- *Duration of membership in PACCS of the sample respondents:* It was found that 28 per cent of respondents had membership in PACCS for about 10 to 25 years. Another 8 per cent of respondents had membership with PACCS for more than 25 years. It could be inferred that the duration of membership of the sample respondents was found to be longer in PACCS as they considered PACCS was a flexible financial institution in their locality which was owned by them.

- *Loan taken by the sample respondents in PACCS:* Farmers considered PACCS as the only financial institutions in which they can avail loans for different purposes. As a result it was found that all the respondents under study had received loans from PACCS.

- *Purpose of loan acquired by the respondents in PACCS:* It was found that 42 per cent of the respondents received crop loan from PACCS. Another 41 per cent of the sample respondents availed loan for various NFS activities. Thus it may be inferred that farmers in the study area availed loan for only productive purposes.

- *Problem faced by the respondents in Availing loan:* It was found that documents which were required to avail loan were found to be the predominant problems faced by the respondents with the PACCS. Farmers also found that cumbersome procedure was another problem in availing loan from both PACCS and other Institutional Agencies. Majority of the sample respondents faced more than one problem in availing loan from other Institutional Agencies. This was due to the fact that as crop loan is provided with interest subvention, without proper documents PACCS could not provide crop loans to farmers.

- *Correlation between amount of loan borrowed from PACCS and socio-economic variables:* It was found from the multiple linear regression analysis that the variables such as education, income level of sample respondents and institutional variable viz., duration of membership do have greater degree of positive influence on the amount of loan borrowed from PACCS. But, economic variable viz., occupation and institutional variable viz., distance between members' house and PACCS do have negatively influence on the amount of loan borrowed from PACCS *(Table – 11)*.

- *Impact of employment generation, income increase and asset creation with amount of loan borrowed from PACCS*: An attempt was made to study the perception of the sample respondents on additional employment generated due to loan borrowed from PACCS by Binomial Logistic Regression model. It was the variation of employment generation based on amount of loan borrowed from PACCS ranged from 42.8 per cent to 60.7 per cent. It implied that the variable viz., amount of loan borrowed from PACCS positively influenced on employment generation of sample respondents from 42.8 per cent to 60.7 per cent. Hence, the Binomial Logistic Regression result showed that the amount of loan borrowed from PACCS by the sample respondents had significantly contributed to assets creation *(Table – 12 to 20)*.

## CONCLUSION

This study found that the experiences towards financial inclusion of small and marginal farmers through PACCS in Theni District have been progressive. However certain segments of small and marginal farmers were benefitting continuously from the efforts of the PACCS for greater financial inclusion while others were still struggling ever more and being financially excluded. The concern is about these people who were dragged to the valley of forced financial exclusion. It was also found in this study that financial exclusion has been high among others who were living in the area of operation of PACCS, even though these population were covered under the PACCS network. This trend reflected the existence of problems with both demand and supply for financial services. To conclude from the foregoing analysis the small and marginal farmers in the study area had easy access to credit from PACCS. The role of PACCS in extending credit facilities to the small and marginal farmers in the study area was found to be satisfactory. Majority of the sample respondents in the study area received loans and utilized the loans for productive purposes, which contributed for their standard of living through employment generation and increase in income. To perorate all the actors of the STCCS need to take into account all dimensions of financial inclusion and exclusion. Both financial inclusion and financial exclusion should be dealt in tandem as they are two sides of same coin. The increase in the number of accounts with PACCS is not sufficient to know the level of financial inclusion since a worrying proportion of these accounts were either loan or subsidy based. Further evidences are lacking to establish correlation between specific policies of PACCS and the financial inclusion of small and marginal farmers. Hence, still miles to go to financially include all segments of the population, especially the small and marginal farmers.

## REFERENCES

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[4] Ravichandran K and M. Revathibala (2008), Rural Credit Markets, Abhijeet Publications, Delhi, p. 66.

[5] www.worldbank.org

## APPENDIX

**Table – 1:** *Position of Membership in Sample PACCS*

(*Figures in Numbers*)

| Years | Sillamarathupatti PACCS | | | Chinnamanur PACCS | |
|---|---|---|---|---|---|
| | Small and Marginal Farmers | Other Farmers | Total | Small and Marginal Farmers | Total |
| 2007-08 | 1210 (45.81) | 1431 (54.19) | 2641 (100) | 1008 | 1008 |
| 2008-09 | 1150 (43.24) | 1509 (56.76) | 2659 (100) | 1008 | 1008 |

| Year | | | | | |
|------|------|------|------|------|------|
| 2009-10 | 1055 (44.66) | 1307 (55.34) | 2362 (100) | 1008 | 1008 |
| 2010-11 | 981 (55.54) | 785 (44.46) | 1766 (100) | 1008 | 1008 |
| 2011-12 | 992 (56.26) | 771 (43.74) | 1763 (100) | 1008 | 1008 |
| 2012-13 | 1066 (45.96) | 1253 (54.04) | 2319 (100) | 1634 | 1634 |
| 2013-14 | 1069 (46.09) | 1250 (53.91) | 2319 (100) | 1639 | 1639 |
| 2014-15 | 1082 (46.37) | 1251 (53.63) | 2333 (100) | 1649 | 1649 |
| 2015-16 | 1084 (46.46) | 1249 (53.54) | 2333 (100) | 1675 | 1675 |
| 2016-17 | 1100 (46.67) | 1256 (53.33) | 2356 (100) | 1704 | 1704 |
| CGR (%) | -0.5 | -0.5 | -0.5 | 7.9 | 7.9 |

**Source:** *Compiled from Annual and Audit Report of the Sample PACCS for various Years.*
**Note:** *Figures in brackets are percentage to respective total*

**Table – 2:** *Position of Share Capital in Sample PACCS*

*(Rs.in lakhs)*

| Year | Sillamarthupatti PACCS | Chinnamanur PACCS |
|------|------------------------|-------------------|
| 2007-08 | 12.87 (-) | 5.54 (-) |
| 2008-09 | 13.71(6.5) | 5.8 (4.6) |
| 2009-10 | 13.61 (-0.7) | 7.95 (37.0) |
| 2010-11 | 12.47 (-8.3) | 8.73 (9.8) |
| 2011-12 | 12.87 (3.2) | 9.75 (11.6) |
| 2012-13 | 17.49 (35.8) | 11.59 (18.8) |
| 2013-14 | 19.26 (10.1) | 12.73 (9.8) |
| 2014-15 | 20.05 (4.1) | 10.64 (-16.4) |
| 2015-16 | 21.11 (5.2) | 11.45 (7.6) |
| 2016-17 | 21.19 (0.3) | 11.89 (3.8) |
| CGR (%) | 6.9 | 9.1 |

**Source:** *As in table – 1*
**Note:** *Figures in brackets are percentage of change over previous year*

**Table – 3:** *Position of Reserve Fund in Sample PACCS*

*(Rs.in lakhs)*

| Year | Sillamarthupatti PACCS | Chinnamanur PACCS |
|------|------------------------|-------------------|
| 2007-08 | 5.09 (-) | 1.00 (0.0) |
| 2008-09 | 5.09 (0.0) | 1.00 (0.0) |
| 2009-10 | 6.70 (31.6) | 1.00 (0.0) |
| 2010-11 | 6.60 (-1.4) | 1.00 (0.0) |
| 2011-12 | 8.50 (28.7) | 1.00 (0.0) |
| 2012-13 | 19.56 (130.1) | 1.00 (0.0) |
| 2013-14 | 19.56 (0.0) | 1.35 (35.0) |
| 2014-15 | 43.27 (121.2) | 1.57 (16.2) |
| 2015-16 | 43.28 (0.0) | 1.62 (3.1) |
| 2016-17 | 43.32 (0.0) | 1.67 (3.0) |
| CGR (%) | 33.40 | 6.9 |

**Source:** *As in table – 1*
**Note:** *As in table – 2*

**Table – 4:** *Position of Deposits in Sample PACCS*

*(Rs.in lakhs)*

| Year | Sillamarathupatty PACCS | Chinnamanur PACCS |
|------|-------------------------|-------------------|
| 2007-08 | 263.36 (-) | 11.26 (-) |
| 2008-09 | 349.93 (32.8) | 11.82 (4.97) |
| 2009-10 | 392.11 (12.0) | 18.52 (56.6) |
| 2010-11 | 483.77 (23.3) | 16.32 (-11.8) |
| 2011-12 | 640.16 (32.3) | 23.82 (45.9) |
| 2012-13 | 715.30 (11.7) | 29.80 (25.1) |
| 2013-14 | 819.58 (18.5) | 53.42 (79.2) |
| 2014-15 | 891.79 (8.8) | 83.79 (56.8) |
| 2015-16 | 926.65 (3.9) | 97.25 (16.0) |
| 2016-17 | 943.74 (1.8) | 101.75 (4.6) |
| CGR (%) | 15.6 | 32.1 |

**Source:** *As in table – 1*
**Note:** *As in table – 2*

**Table – 5:** *Position of Borrowings in Sample PACCS*

*(Rs.in lakhs)*

| Year | Sillamarathupatty PACCS | Chinnamanur PACCS |
|------|------|------|
| 2007-08 | 63.97 (-) | 53.52 (-) |
| 2008-09 | 62.90 (-1.6) | 58.73 (9.7) |
| 2009-10 | 56.86 (-9.6) | 91.23 (55.3) |
| 2010-11 | 114.21 (100.8) | 132.17 (44.8) |
| 2011-12 | 84.58 (-25.9) | 162.72 (23.1) |
| 2012-13 | 227.05 (168.4) | 186.97 (14.9) |
| 2013-14 | 149.89 (-33.9) | 217.83 (16.5) |
| 2014-15 | 149.47 (-0.2) | 255.75 (17.4) |
| 2015-16 | 149.90 (0.2) | 262.81 (2.7) |
| 2016-17 | 151.15 (0.8) | 273.21 (3.9) |
| CGR (%) | 13.2 | 21.3 |

**Source:** *As in table – 1*
**Note:** *As in table – 2*

**Table – 6:** *Position of Loan Issued by Sample PACCS*

*(Rs.in Lakhs)*

| Year | Sillamarathupatty PACCS | Chinnamanur PACCS |
|------|------|------|
| 2007-08 | 447.28 (-) | 78.71 (-) |
| 2008-09 | 588.35 (31.5) | 85.63 (8.7) |
| 2009-10 | 773.22 (31.4) | 163.15 (90.5) |
| 2010-11 | 1031.39 (33.3) | 230.84 (41.4) |
| 2011-12 | 1326.46 (28.6) | 275.32 (19.2) |
| 2012-13 | 1596.26 (20.3) | 282.19 (2.4) |
| 2013-14 | 1406.05 (-11.9) | 346.72 (22.8) |
| 2014-15 | 1476.08 (4.9) | 400.92 (15.6) |
| 2015-16 | 1484.63 (0.5) | 437.14 (9.0) |
| 2016-17 | 1520.42 (2.4) | 461.73 (5.6) |
| CGR(%) | 14.0 | 22.2 |

**Source:** *As in table – 1*
**Note:** *As in table – 2*

**Table – 7:** *Position of Overdue in Sample PACCS*

*(Rs. in lakhs)*

| Year | Sillamarathupatty PACCS | Chinnamanur PACCS |
|------|------------------------|-------------------|
| 2007-08 | 18.86 (-) | 5.89 (-) |
| 2008-09 | 30.62 (62.3) | 11.79 (100.1) |
| 2009-10 | 26.58 (-13.1) | 3.64 (-69.1) |
| 2010-11 | 12.05 (-54.6) | 8.30 (128.0) |
| 2011-12 | 14.36 (19.1) | 6.12 (-26.2) |
| 2012-13 | 20.35 (41.7) | 0.37 (93.9) |
| 2013-14 | 73.38 (260.5) | 0.0 (0.0) |
| 2014-15 | 59.28 (-19.2) | 6.74 (6.74) |
| 2015-16 | 52.44 (-11.5) | 5.41 (-19.7) |
| 2016-17 | 48.67 (-7.1) | 3.75 (-30.6) |
| CGR (%) | 14.3 | -7.2 |

**Source:** *As in table – 1*
**Note:** *As in table – 2*

**Table – 8:** *Loan to Small and Marginal Farmers in Sample PACCS*

*(Rs. in lakhs)*

| Year | Sillamarathupatti PACCS | | |
|------|--------------------------------|--------|-------|
| | Small and Marginal Farmers | Others | Total |
| 2007-08 | 204.89 (45.81) | 242.39 (54.19) | 447.28 (100) |
| 2008-09 | 241.43 (41.04) | 346.92 (58.96) | 588.35 (100) |
| 2009-10 | 345.22 (44.65) | 428.00 (55.35) | 773.22 (100) |
| 2010-11 | 572.83 (55.54) | 456.56 (44.27) | 1031.4 (100) |
| 2011-12 | 746.26 (56.26) | 580.20 (43.74) | 1326.5 (100) |
| 2012-13 | 733.64 (45.96) | 862.62 (54.04) | 1596.3 (100) |
| 2013-14 | 648.04 (46.09) | 758.01 (53.91) | 1406.1 (100) |
| 2014-15 | 684.45 (46.37) | 791.63 (53.63) | 1476.1 (100) |
| 2015-16 | 689.75 (46.46) | 794.88 (53.54) | 1484.6 (100) |
| 2016-17 | 785.15 (49.16) | 811.90 (50.84) | 1597.10 (100) |
| CGR (%) | 29.7 | 14 | 14 |

**Source:** *As in table – 1*
**Note:** *As in table – 2*

**Table – 9:** *Net Profit Position of sample PACCS*

*(Rs. in lakhs)*

| Year | Sillamarathupatti PACCS | Chinnamanur PACCS |
|------|------------------------|-------------------|
| 2007-08 | 12.62 (-) | 1.89 (-) |
| 2008-09 | 15.01 (15.92) | 4.43 (57.34) |
| 2009-10 | 15.96 (5.95) | 4.48 (1.12) |
| 2010-11 | 27.42 (41.79) | 6.46 (30.66) |
| 2011-12 | 26.28 (-4.34) | 11.84 (45.44) |
| 2012-13 | 38.50 (31.74) | 18.74 (36.82) |
| 2013-14 | 45.64 (15.64) | 23.13 18.98) |
| 2014-15 | 42.51 (-7.36) | 23.49 (1.53) |
| 2015-16 | 48.16 (11.73) | 23.58 0.38) |
| 2016-17 | 50.82 (5.23) | 25.42 (7.24) |
| CGR(%) | 18 | 33.4 |

**Source:** *As in table – 1*
**Note:** *As in table – 2*

**Table – 10:** *Demographic and socio-economic status of sample respondents*

| Demographic and Socio-Economic Status | Variables | Sample Respondents | | Total Respondents |
|---|---|---|---|---|
| | | Small Farmers | Marginal Farmers | |
| Gender | Male | 295 (78) | 190 (79) | 485 (79) |
| | Female | 81 (22) | 50 (21) | 131 (21) |
| | Total | 376(100) | 40(100) | 616 (100) |
| Age | Young (18-35) | 103 (27) | 55 (22) | 158 (26) |
| | Middle (36-50) | 224 (59) | 148 (61) | 372 (60) |
| | Old ( above 51) | 49 (13) | 37 (15) | 86 (14) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Religion | Hindu | 346 (92) | 224 (93) | 570 (92) |
| | Muslim | 19 (5) | 9 (4) | 28 (5) |
| | Christian | 11 (3) | 7 (3) | 18 (3) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Community | BC | 248 (66) | 158 (66) | 406 (66) |
| | MBC | 36 (10) | 26 (11) | 62 (10) |
| | SC | 92 (24) | 56 (23) | 148 (24) |
| | Total | 376 (100) | 240 (100) | 616 (100) |

| | | | | |
|---|---|---|---|---|
| Family Size | Small (below 4) | 96 (25) | 65 (27) | 161 (26) |
| | Medium (5-7) | 220 (59) | 143 (60) | 363 (59) |
| | Big (above 8) | 60 (16) | 32 (13) | 92 (15) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Family Type | Nuclear Family | 351 (93) | 224 (93) | 575 (93) |
| | Joint Family | 25 (7) | 16 (7) | 41 (7) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Educational Qualification | No Formal Education | 133 (35) | 78 (32) | 211 (34) |
| | Primary School (1-5) | 76 (20) | 59 (24) | 135 (22) |
| | Middle School (5-8) | 70 (19) | 35 (15) | 105 (17) |
| | High School (8-10) | 33 (9) | 29 (12) | 62 (10) |
| | Higher Secondary (10-12) | 53 (14) | 33 (14) | 86 (14) |
| | Graduate | 11 (3) | 6 (3) | 17 (3) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Occupation | Agricultural | 307 (82) | 204 (86) | 511 (83) |
| | Agricultural Allied Activities | 44 (12) | 18 (7) | 62 (10) |
| | Non-Farm Sectors | 25 (6) | 18 (7) | 43 (7) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Family Income | Up to 5,000 | 288 (77) | 180 (75) | 468 (76) |
| | 5,001 to 10,000 | 62 (16) | 43 (18) | 105 (17) |
| | 10,001 to 15,000 | 18 (5) | 13 (5) | 31 (5) |
| | Above 15,000 | 8 (2) | 4 (2) | 12 (2) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Communication Source | Cell Phone | 317 (84) | 217 (90) | 534 (87) |
| | Smartphone | 59 (16) | 23 (10) | 82 (13) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Distance | Less than 1Km | 151 (40) | 96 (40) | 247 (40) |
| | 1Km – 1.5Km | 110 (29) | 70(29) | 178 (29) |
| | 1.5Km – 2Km | 117 (31) | 74 (31) | 191 (31) |
| | More than 2Km | Nil | Nil | Nil |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Purpose of opening account | Savings | 28 (7) | 15 (6) | 43 (7) |
| | Loan purpose | 247 (66) | 151 (64) | 398 (65) |
| | Fertilizer | 91 (24) | 73 (30) | 164 (26) |
| | Other purpose | 10 (3) | 1 (0) | 11 (2) |
| | Total | 376 (100) | 240 (100) | 616 (100) |

| | | | | |
|---|---|---|---|---|
| Frequency of Visit | Daily | 50 (13) | 28 (12) | 78 (13) |
| | Once in a Week | 172 (46) | 121 (49) | 293 (47) |
| | Once in 15 days | 67 (19) | 31 (13) | 98 (16) |
| | Once in a month | 46 (12) | 33 (14) | 79 (13) |
| | Occasionally | 21 (5) | 21 (9) | 42 (7) |
| | As and When needed | 20 (5) | 6 (3) | 26 (4) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Transport Cost of per visit | Less than Rs.5 | 235 (68) | 141 (65) | 376 (61) |
| | Rs.5 – Rs.10 | 141 (32) | 99 (35) | 240 (39) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Problems in Opening Account in PACCS | Required ID not Available | 71 (19) | 40 (17) | 111 (18) |
| | Rush in PACCS | 87 (23) | 50 (21) | 137 (22) |
| | Lack of Banking Knowledge | 218 (58) | 150 (62) | 368 (60) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Duration of Membership in PACCS | Less than 5 years | 31 (8) | 12 (5) | 43 (7) |
| | 5 years – 10 years | 67 (18) | 34 (14) | 101 (16) |
| | 10 years– 15 years | 98 (26) | 72 (30) | 170 (28) |
| | 15 years– 20 years | 85 (23) | 39 (16) | 124 (20) |
| | 20 years– 25 years | 38 (10) | 36 (16) | 74 (12) |
| | 25 years– 30 years | 30 (8) | 25 (10) | 55 (9) |
| | More than 30 years | 27 (7) | 22 (9) | 49 (8) |
| | Total | 376 (100) | 240 (100) | 616 (100) |
| Loan Acquired | Yes | 376 | 240 | 616 |
| | No | - | - | - |
| | Total | 376 | 240 | 616 |
| Purpose of Loan Acquired | Crop Loan | 152 (40) | 108 (45) | 260 (42) |
| | NFS | 167 (44) | 85 (35) | 252 (41) |
| | Others | 57 (15) | 47 (20) | 104 (17) |
| | Total | 376 (100) | 240 (100) | 616 (100) |

**Source:** *Compiled from respondents schedule.*

**Note:** *Figures in brackets are percentage to column total.*

**Table – 11:** *Amount of Loan Borrowed from PACCS towards the Member's Demographic Profile and Institutional Variables - Multiple Linear Regressions*

| Independent Variables | Amount of Loan Borrowed |
|---|---|
| *Demographic Variables* | |
| Age | 0.057 |
| Religion | -0.028 |

| | |
|---|---|
| Community | 0.040 |
| Family size | -0.130 |
| Type of family | 0.002 |
| Education | 3.252* |
| Occupation | -2.558** |
| Income | 2.496** |
| Expenses | -0.013 |
| Size of holding land | -0.001 |
| *Institutional Variables* | |
| Access to communication | 0.013 |
| Distance between Member's House and PACCS | -3.984* |
| Duration of membership | 2.601** |
| Constant | 39024.611 |
| **R²** | 0.657 |
| **N** | 616 |

**\*** *Significant at 1 per cent level*

**\*\*** *Significant at 5 per cent level.*

**Table – 12:** *Variance of Employment Generation Explained by Amount of Loan Borrowed from PACCS*

| Model Summary | | | |
|---|---|---|---|
| Step | -2 Log likelihood | Cox & Snell R Square | Nagelkerke R Square |
| 1 | 350.656ᵃ | .481 | .681 |

**Table – 13:** *Category Prediction of Employment Generation Explained by Amount of Loan Borrowed from PACCS*

| | Observed | | Predicted | | |
|---|---|---|---|---|---|
| | | | Employment Generation | | Percentage Correct |
| | | | Yes | No | |
| Step 1 | Employment Generation | Yes | 418 | 31 | 97.2 |
| | | No | 63 | 104 | 66.1 |
| | Overall Percentage | | | | 87.8 |
| a. The cut value is .500 | | | | | |

**Table – 14:** *Result of Binomial Logistic Regression*

| | Variables in equation | B | S.E. | Wald | df | Sig. | Exp (B) |
|---|---|---|---|---|---|---|---|
| Step 1ᵃ | Amount of loan borrowed from PACCS | .001 | .000 | 127.526 | 1 | .000 | .999 |
| | Constant | 13.475 | 1.225 | 121.042 | 1 | .000 | 711662.838 |

**Table – 15:** *Variance of Increase in Income Explained by Amount of Loan Borrowed from PACCS*

| Model Summary | | | |
|---|---|---|---|
| Step | -2 Log likelihood | Cox & Snell R Square | Nagelkerke R Square |
| 1 | 465.715[a] | .374 | .530 |

**Table – 16:** *Category prediction of increase in income explained by amount of loan borrowed from PACCS*

| | Observed | | Predicted | | |
|---|---|---|---|---|---|
| | | | Increase in Income | | Percentage Correct |
| | | | Yes | No | |
| Step 1 | Increase in Income | Yes | 418 | 12 | 97.2 |
| | | No | 75 | 111 | 59.7 |
| | Overall Percentage | | | | 85.9 |
| a. The cut value is .500 | | | | | |

**Table – 17:** *Result of Binomial Logistic Regression*

| Variables in equation | | B | S.E. | Wald | df | Sig. | Exp (B) |
|---|---|---|---|---|---|---|---|
| Step 1[a] | Increase in Income | .001 | .000 | 118.606 | 1 | .000 | .999 |
| | Constant | 13.101 | 1.258 | 108.427 | 1 | .000 | 489333.516 |

**Table – 18:** *Variance of Assets Created Explained by Amount of Loan Borrowed from PACCS*

| Model Summary | | | |
|---|---|---|---|
| Step | -2 Log likelihood | Cox & Snell R Square | Nagelkerke R Square |
| 1 | 413.589[a] | .425 | .602 |

**Table – 19:** *Category Prediction of Assets Created Explained by Amount of Loan Borrowed from PACCS*

| | Observed | | Predicted | | |
|---|---|---|---|---|---|
| | | | Assets Creation | | Percentage Correct |
| | | | Yes | No | |
| Step 1 | Assets Creation | Yes | 381 | 49 | 88.6 |
| | | No | 24 | 162 | 87.1 |
| | Overall Percentage | | | | 88.1 |
| a. The cut value is .500 | | | | | |

**Table – 20:** *Result of Binomial Logistic Regression*

| Variables in equation | | B | S.E. | Wald | df | Sig. | Exp (B) |
|---|---|---|---|---|---|---|---|
| Step 1ᵃ | Assets Creations | .000 | .000 | 136.755 | 1 | .000 | 1.000 |
| | Constant | 11.361 | 1.013 | 125.896 | 1 | .000 | 85944.145 |